

Town of Bedford Finance Committee

Town Hall, Selectmen's Meeting Room

March 19, 2015

Members in attendance: Rich Bowen, Tom Busa, Elizabeth McClung, Paul Mortenson, Barbara Perry, David Powell, Steve Steele (Chair); Ben Thomas.

Others in attendance: Victor Garofalo, *Director of Finance and Collector/Treasurer*; Brad Hafer, *School Committee*; Bill Moonan, *Selectman*; Rick Reed, *Town Manager*; Jim Shea, *Cable Television Committee*; Mark Siegenthaler, *Selectmen*; Julie Turner, *The Bedford Citizen and Bedford TV Board*.

Financial Model 3.2: Mr. Garofalo enumerated the adjustments he made to the model.

- State Aid has been increased slightly to \$6,174,488 to offset the State assessment;
- Hanscom funding has been zeroed out for the time being;
- The Snow deficit line item is at \$650,000 but Mr. Garofalo said the actual deficit is currently \$670,000. There is a small cushion in the DPW budget (at least \$50,000) and the Town has filed for FEMA disaster reimbursement which, if it comes in, will compensate for some of the money currently allocated. The accounting can be adjusted at Special Town Meeting;
- The Health Insurance line item is now \$5,680,000, a 7.6% increase rather than a 10% increase;
- Unemployment insurance was decreased from \$95,000 to \$86,000 based on Mr. Garofalo's assessment of historic need;
- The Voc Ed expenditure was decreased by 11.71% to \$490,000 based on enrollment costs for students at Shawsheen and Minutemen Tech. If only two students (instead of the current four) end up attending Minuteman Tech next year, the expense will decrease.
- The Main Capital line item was decreased by \$345,000 in accordance with FinCom's March 5 vote to decrease the article by \$345,000 (plus or minus \$15,000). Staff reviewed the capital projects and developed an alternative plan that delays \$ 264,049 worth of projects; revises price tags by \$16,000; and bonds an additional \$49,975.

Total changes equal \$330,024/ leaving a Budget Surplus of \$ 15,032. If the \$14,976 difference needed is reinstated to Capital, the Budget Surplus would then equal \$56.00.

Both the Selectmen and the Capital Expenditures Committee have approved these staff recommendations.

Motion: Mr. Bowen moved that FinCom increase the Capital budget by \$14,976 to \$2,148, 359. Mr. Busa seconded. The motion was approved, 8-0-0.

Mr. Garofalo noted that the discussion that resulted in these adjustments was productive. The Schools voluntarily postponed two projects: video surveillance and the Davis School building systems recommissioning. "That was the purpose of meeting together as a group," Mr. Garofalo said. "Everyone really came together to come up with a cohesive decision."

After adjustments, the Unused Levy capacity totals \$1,555,716.

Mr. Garofalo recommended that the Committee re-vote the Operating Budget.

Motion: Mr. Bowen moved that the Finance Committee recommend approval of the Operating Budget of \$80,994,139 as shown on page 4 of Model 3.2. Mr. Mortenson seconded. The motion carried, 8-0-0.

Remaining Town Meeting Warrant Articles

Article 7: General Bylaw Amendment~ Volunteer Coordinating Committee: ***Motion: Mr. Mortenson moved that the Finance Committee recommend approval of Article 7 as written in the warrant. Mr. Powell seconded. The motion was narrowly approved, 5-3-0.***

Mr. Mortenson will present FinCom's Article 7 recommendation.

Article 8: General Bylaw Amendment~ Cable Television Committee: Prior to voting on the recommendation, FinCom members discussed whether Article 8 fit into ongoing discussions about oversight of the Town's various revolving funds. Mr. Busa said, "As we have said over the last few years, we want [everyone] to be more vigilant about overseeing these accounts and pools of money that just seem to linger. Some have direction, some have no direction. Anytime there are pools of money, the more people aware and looking at them can't be a bad thing...[In the case of the Cable Committee] you have a committee that's set up and appointed by the Selectmen. It looks like the only thing they're asking for is to have their thoughts put into what happens with the money. I don't think it's a bad thing."

Ms. McClung agreed, saying she thinks transparency is good for the town. "We have capable people, interested in helping in this area and we should use their talents to help advise some of the decisions that are being made."

Mr. Bowen said, based on the arguments made at the March 5 meeting, he believes FinCom should recommend disapproval of Article 8.

Ms. Perry said she has given this article thought since the last meeting but still has a problem with changing a bylaw. "I think there have got to be interim steps to take before revising a bylaw. A bylaw change gets to be kind of permanent and I think there are things that need to be worked out [before that would happen]."

Mr. Powell said he is in favor of the article for some of the same reasons articulated by Mr. Busa. "Here is a committee that's asking to do exactly what we want other committees [who practice less oversight of revolving funds] to do. I will acknowledge there is a political component to this and in deference to the Selectmen and their position—where they want to really retain some prerogative for themselves—I'm inclined to vote against approval, but also I will vote against disapproval as well. I'd want to leave it to the town voters to decide."

Mr. Mortenson said he is of the same mind as last week: "It's a political question. The article is another way of saying that the Selectmen are doing a poor job [on this matter]. The solution to change the bylaw I find curious because on the one hand, I hear that it really wouldn't change anything, so go ahead and

pass it. But on the other hand, why put the article forward if it isn't going to change anything? I'm a strong 'no' [against recommending approval of the article]."

Mr. Thomas said his opinion has also not changed despite the many discussions, phone calls and research he's done over the last two weeks. "I will vote for disapproval on this."

Mr. Steele said he hopes the Selectmen and Cable Committee will work together, instead of being at odds. "The key to this is communication. The reason I would want to have this change is, if some of the current parties aren't here anymore, someone could look down the list of responsibilities and say they don't have to do [financial oversight] anymore. I'd like to see it in writing."

Motion: Mr. Bowen moved to recommend disapproval of Article 8. Mr. Mortenson seconded. The motion failed, 4-4-0.

Motion: Mr. Busa moved to recommend approval of Article 8. Mr. Powell seconded. The motion failed, 3-5-0.

The Committee could not reached consensus. There is no recommendation to Town Meeting on this article.

Article 9: Home Rule Petition for Additional Liquor Licenses:

The Selectmen have recommended approval of Article 9, asking the Massachusetts General Court to grant eight additional full-liquor licenses.

Motion: Mr. Powell moved that the Finance Committee recommend approval of Article 9 as written in the warrant. Mr. Bowen seconded.

Discussion: Ms. McClung asked for background on Article 9. Mr. Reed provided the information, saying that in Massachusetts, every city and town is under a quota system, based on population, for the number of liquor licenses they can issue. Bedford can issue a total of 14 all-alcohol, on-premise (restaurant) licenses; it has issued all of them. Other cities and towns have successfully petitioned the State for permission to grant additional licenses. Burlington, for example, has petitioned the State twice and received more licenses both times. Bedford's main argument—like Burlington's— is that the town's population doubles during the day, so the number isn't adequate to serve the demand.

Mr. Reed said the Town hears frequently from both the corporate community and residents that it would be better to have more restaurants. One of the main ways that restaurants can be financially successful is by serving alcoholic beverages. Mr. Reed added, "From the Selectmen's point of view, they think this is worthwhile for economic development and to serve the needs of Bedford's own residents...The Selectmen thought about asking for ten additional licenses and they thought about asking for six but settled they on eight. Sometimes the Legislature reduces the number of licenses the town or city asks for so they didn't want to ask for six and wind up with four."

Mr. Powell asked if there is a tax component to the additional licenses. Mr. Reed replied that there is an annual fee for each license of between \$3,500 and \$4,000. Additional restaurants would also bring in more meals taxes for additional local receipts.

Vote: The motion passed on a vote of 7-0-1.

Article 13: Proposed FY16 Capital Projects Plan:

Motion: Mr. Bowen moved that the Finance Committee recommend approval of Article 13: Proposed FY16 Capital Projects Plan as printed in the warrant with changes in line items as submitted earlier in the meeting. Mr. Powell seconded. The motion passed, 8-0-0.

Because it is subject to change, an amount for Capital is not specified in either the warrant or motions recommending the article. However, for the record, Mr. Garofalo said the Capital number stands at \$4,014,755, including the large sewer main project.

Article 24: Free Cash: ***Motion: Mr. Bowen made a motion to recommend approval of the use of \$3,137,000 as shown in Model 3.2. Ms. McClung seconded. The motion passed, 8-0-0.***

Article 6: Bills of Prior Years: ***Motion: Mr. Mortenson moved that the Finance Committee recommend indefinite postponement of Article 6. Mr. Bowen seconded. The motion passed unanimously, 8-0-0.***

Article 16: Supplemental Operating Budget for FY15 and Articles of 2014 Annual Town Meeting:
Motion: Mr. Bowen moved that the Finance Committee recommend indefinite postponement of Article 16. The motion passed, 8-0-0.

Article 23: Salary Administration Bylaw Amendment-Classification and Wage Schedule: ***Motion: Mr. Bowen moved that the Finance Committee recommend indefinite postponement of Article 23 as written in the warrant. Ms. McClung seconded. The motion passed, 8-0-0.***

Looking over salient points about the TM warrants, it was agreed on Article 5 that the Committee should say it has been attentive to/aware of the various revolving funds, especially in these last few years.

Ms. Perry said she also wants to emphasize, FinCom's approval of the newly created six-year Capital Plan.

The Committee reviewed any line items in the FY16 budget that have changed by 3% or more.

- The Selectmen's budget has increased 7.22% due to upcoming contract negotiations.
- Financial Services has decreased by 5.77% because computers have been moved to Capital and last year money was set aside for the replacement computer array that is not needed this year.
- Health Insurance increased by 7.6% to \$5,680,000 as previously discussed. The whole category of Insurance and Benefits increased by 5.28%.
- Debt increased by 5.85%, due in large part to repair to the sewer main break. Mr. Garofalo is using a 3.5% rate for debt service.
- Elections and registrations: down 17.27% because it's an "off year."

- Fire budget has increased 3.56% due to the in-house paramedic program.
- Town Center budget has decreased 33.6% because utilities are now in Facilities.
- Facilities has increased 178.41% to absorb utilities allocations. Also, the telephone system was segregated and added to Facilities Expenses, which shows that as an increase although it was really just a move from the Utilities line item. Facilities Salaries have also increased due to the subcontracted painting services.
- The Water and MWRA line items of the DPW budget have each increased 4%. Road resurfacing has increased by \$50,000.
- Bedford Youth and Family has increased 4.67% due to Healthy Bedford salary that is no longer grant funded.
- Recreation budget has decreased by 33.95% because Rec will fund some of its programs and
- School budget increase is shown as 2.64% but there are other scenarios that peg the increase at 4.82% (if utilities had been included and not moved to Facilities) and 3.65% (if the Hanscom funding offset is not recovered.)
- Voc Ed went down 11.71% because there are fewer students at Shawsheen Tech.
- Finance is down 3.41% due to funds set aside for water system flushing and homeless student transportation.
- Board of Assessors is up 3.66% for expenses for consultant fees.
- Board of Health is up 7.10% for a nurse administrator, additional part-time school nurse and software.
- The Library budget is down 7.44% due to utilities being moved to Facilities.

The overall Operating Budget has increased 4.66% over FY15.

Meetings attended: Mr. Thomas attended the Selectmen's most recent meeting and reported that the Selectmen approved the adjusted Capital budget.

Mr. Powell attended the most recent Planning meeting at which the Board reorganized. Amy Lloyd is now Chair; Sandra Hackman was elected Clerk.

The Board also discussed the draft of a Transportation Demand Management regulation to use as a traffic mitigation tool. There will be presentations to and conversations with the Selectmen and the Finance Committee as well as a public hearing. "They seem to be committed to going for a zoning regulation [rather than a bylaw] which a lot of other towns do a lot of but apparently Bedford hasn't in the past," Mr. Powell said. "There's a lot of other things going on so this might have to take a back seat—something like eleven projects. It's getting really busy and they are still working short-staffed."

Ms. McClung attended the School Committee meeting and reported that reductions in supplies and changes in cuts and projects were discussed.

Ms. Perry attended Capital Expenditures at which the revised Capital article was approved. The Committee had "another lengthy discussion about process, which is something we'll continue to do."

Ms. Perry also noted that CapEx will start to meet with departments next month about future Capital projects.

FinCom will meet right before Town Meeting. Since all members are expected to be present, Article 8 can be re-voted with a potentially different outcome.

Motion: Mr. Powell moved to adjourn. Mr. Mortenson seconded. The motion carried, 8-0-0.

Respectfully submitted,

Kim Siebert, FinCom Recording Secretary